ON TRACK WITH MDT

During the 2001 session, the Montana Legislature directed the state to focus on economic development and its relationship to highway expansion, and MDT has been working diligently to address that mandate.

First and foremost, we are incorporating the issue of economic development in TranPlan 21, our multi-modal statewide transportation plan. This policy/goal-setting document is in the process of being updated and will be published within a few months.

In addition, MDT has been pressing forward with the highway reconfiguration study authorized by Governor Martz at the Economic Summit in Great Falls in June 2001. In directing the department to conduct this study, Governor Martz stated that the development of economic corridors is "a critical component of a visionary, long-term economic stimulus effort," and she raised the issue of whether reconfiguring the state's major two-lane highways would have a positive impact on Montana's economic development efforts. I concurred on the need for this study, and we moved forward from there.

The first thing we did was to ask for nominations to the 16-member Reconfiguration Study Steering Committee (RSSC), which is comprised of private business owners, mayors, economic development officials and one representative from MDT.

As soon as the committee was seated, they drafted a request for proposals in order to screen potential consultants. That request went out late in 2001, and a consultant was selected in March 2002. We were fortunate to hire a nationally recognized consultant team with extensive knowledge about the relationship between economic development and the transportation system.

So where are we with the study? That's the exciting part. From day one, the consultant team of Cambridge Systematics and Economic Development Research Group placed a strong emphasis on industry data and input, which the steering committee knew was key: research shows that expanded highways can – but don't always – have positive economic development implications. Therefore, the consultant suggested looking at the needs of Montana industries, both those already located here and those targeted by economic development officials. The assessment model described below is the result of the consultant and steering committee's efforts.

According to the model, the first step in evaluating the potential economic impact of any proposed highway improvement is identifying which industries the improvement would impact. This is done through a three-part **commodity flows analysis**, which consists of 1) locating the proposed highway improvement on a geographical information system (GIS) network map; 2) identifying what commodities are being shipped on the roadway in question and forecasting the growth for those commodities; and 3) locating the origins and destinations of those commodities and the industries involved in shipping and receiving them. Cambridge Systematics has developed extensive GIS and commodity flow databases for use in the commodity flows analysis.

The second step is an **industry analysis** for those businesses identified in the commodity flows analysis. This consists of 1) identifying industry sectors in Montana that export their products and rely on surface transportation for significant amounts of their inputs and/or outputs; 2) identifying new industry sectors that could be recruited if conditions became attractive; and 3) estimating each industry's direct benefits (i.e., reductions in travel time, operating costs and safety concerns) from the proposed transportation improvement. Again Cambridge Systematics has done extensive data collection and has complete industry profiles on file.

The third step consists of computing the **transportation economic benefits**, or the estimated job creation, personal income growth and increased regional output, that would be generated from the completed project. This involves inputting data from the three-step industry analysis in to an economic model to determine how direct improvements to an industry's access, input or customers would expand the region's economic standing overall. Project costs are estimated based on unit costs from recent (similar) projects across the state, and the benefits and costs for each project are compared.

The tool – and the data it incorporates – are complex and will require upkeep, but we are committed to making that happen. In fact, we are discussing ways to test and manage the tool as this goes to press. Our goal is to fully implement the assessment model before the end of the year.

Why is all of this important? Because having a tool to measure the potential economic development of a highway project will add depth to our program planning process. Because there may well be a time when we have two projects in a district that are essentially the same in terms of the criteria we now use, and we'll need a valid way to establish which should be considered first. Because many in our state – from the Governor to the traveling public – want to know if expanding our state's two-lane highways will benefit our state economically. And because MDT is committed to providing a transportation system and services that emphasize, among other things, quality, cost effectiveness and economic vitality. Adding this tool to our program planning process is just one more way we can stay "on track," not just with MDT but also with the needs of Montana's businesses and the traveling public.

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